

**Statement of Mrs. Natala K. (Tally) Hart  
Director, Student Financial Aid  
The Ohio State University**

**before the**

**Committee on Government Reform  
U.S. House of Representatives  
May 26, 2005**

Mr. Chairman, Members of the Committee, respected Guests and Colleagues; my name is Tally (Natala Kleather) Hart. I am the Director of Student Financial Aid at The Ohio State University, and am pleased to be with you today to describe the improvements in student loan systems in the last decade that have served our society well by assisting human capital development through increased educational opportunity. These improvements have benefited first and foremost students of lowest economic means with highest potential to contribute to our nation and the world.

Prior to 1994 when I had already worked for 20 years in public financial aid offices, the same student loan data for Ohio State alone was arranged and rearranged in as many as 60 different data formats. The paper process and accompanying electronic tapes were shipped to the more than 50 student loan guarantee agencies. Response, correction, and funds were returned months later, and were very difficult to track while in process. At Ohio State, the majority of student loan funds became available eight weeks into the first quarter, requiring added steps for students to be enrolled while awaiting funds. Essential costs such as books were borne by the student and family, or done without by borrowing, copying, and central library access.

What was lacking was a single path process that could be followed and which delivered funds to students in a timely manner. By “timely manner”, I mean in a way that permitted the student to be in the classroom with the appropriate books and materials, thinking about the subject matter rather than worrying about absent books and stop gap living arrangements. We have documented the importance of these first days of classes and know that the first six weeks of attendance are the most crucial for retention and graduation. Prior to the process improvements of Direct Lending, students did not have finances in place until the eighth week of the term, on average.

Direct Lending at Ohio State was begun with a hope and a prayer for better service to our students. Initially, down stream activities such as reconciliation were not well defined in contrast to the subsequent improvements. Nonetheless, the stakes were so

critical to access that the risk was a prudent one. We were participants in year 2 of the DL Program, and conducted the nation's largest DL operation on a personal computer hung from our mainframe. Even in that shaky environment, we immediately improved the process control and delivery of resources to students. Above all, our students could be in class, focused on the learning process rather than standing in line in the financial aid office uncertain about whether higher education was a possibility.

From those meager beginnings, delivery of the major financial aid program improved. Few students had delays in funds. Financial aid offices had time to assist students least able to navigate entry into higher education. We will never know the lost talent of those who saw long lines at the financial aid office, concluded higher education was not really accessible, and left without capitalizing their enormous potential. A poignant, personal history of this issue is presented by our former Dean of Law and now CUNY City College President, Greg Williams.<sup>1</sup>

Because the inherent competition between DL and FFLEP grew, the single path process became available not only at DL schools, but at all colleges. Colleges had a great incentive to invest in improved computing for the financial aid office to optimize the delivery of aid to students. Increased accountability also followed; the flawed process was no longer an excuse for poor service to students.

There were conversations during that conversion about what aid offices might do with all that freed up time. Would students really understand this was borrowed rather than gift funding if it was delivered readily? My talented staff would be bemused by those statements today.

What we do with the freed up time is educate: we provide strong entrance counseling, we research and obviate the factors that lead to student loan default, and we focus on the neediest families who require reassurance about the aid process. The Greg Williamses today stand before the financial aid counselor and are assured that the system is exactly for persons without means.

To my staff, the most important use of those crucial first weeks' time is teaching. We teach more than 3,000 class hours in Ohio State's Success Series. Modeled on John Gardner's work about what leads to student success, we know that the third week of a student's first term in college is when financial skills make or break the college going process. Rather than standing in a financial aid line, our students are selecting an hour to spend learning about personal financial basics, saving and investing, and – most popular – good and bad uses of consumer credit. Accompanying my testimony are the courses and learning objectives of those courses. They have made a difference as part of comprehensive plan to yield parity between needy and non-needy students in graduation rates. Our student loan defaults in the DL Program are at an historic low: 2.7%. I assure you zero is our goal.

We at Ohio State believe both FFLEP and DL working together have resulted in the most effective and efficient improvements in the financial aid system. While we

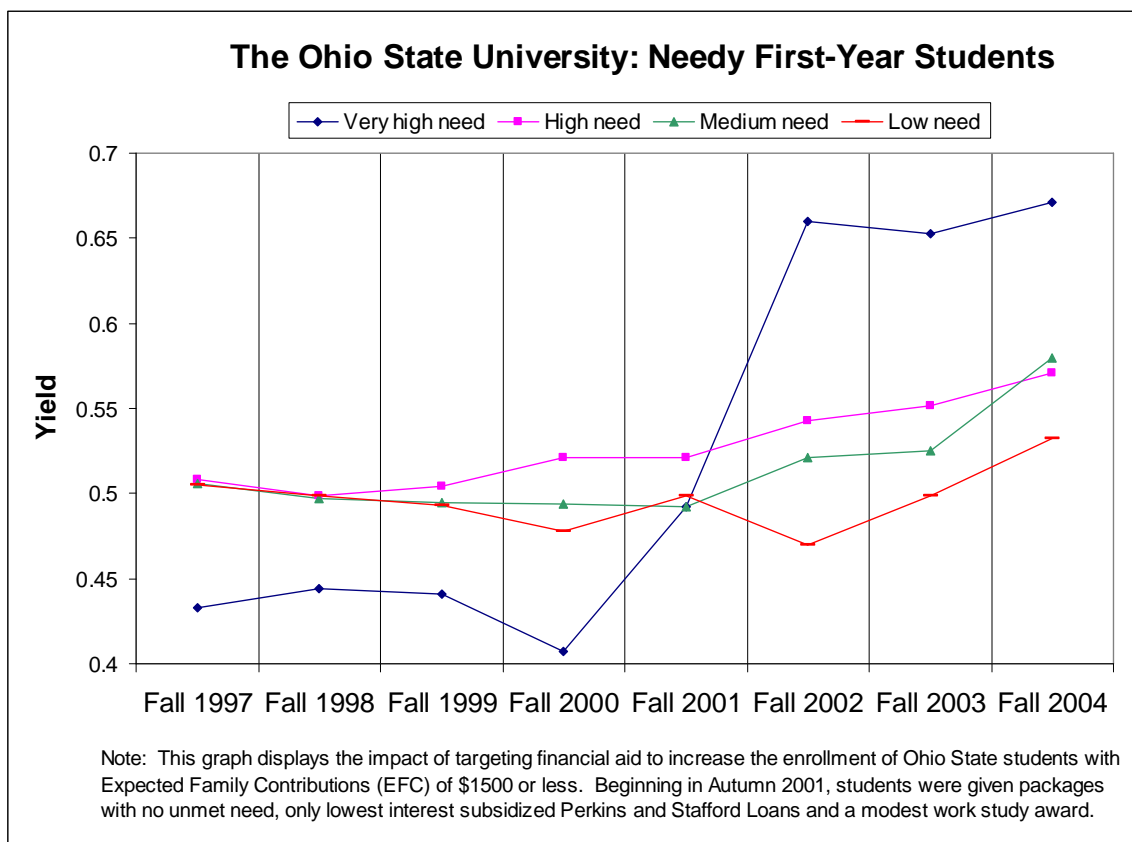
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<sup>1</sup> Williams, Gregory. *Life on the Color Line: The True Story of a White Boy Who Discovered He Was Black* 1995

remain steadfastly a DL school, we encourage continuation of FFLEP as well as DL, as competition makes both programs more receptive to students' needs.

You also asked that I comment about other facets of the student aid process that have improved efficiency and effectiveness. I commend you for your continued support of the Perkins Loan Program, the Quality Assurance Program and the Experimental Sites Program. Attached to my testimony is detail about use of these programs in conjunction with DL to do research and apply it to processes for our students, and the incentives therein to share that knowledge with the federal government and other aid offices in the spirit of best practices.

I will end with my favorite factoid, my version of financial aid nirvana. The graph I display shows the matriculation rates of Ohio State's neediest students before and after these combined efforts were applied. Our retention and completion rates of these students with average family incomes below \$30,000, families able to contribute less than \$100 a month to our total monthly costs of \$1,750, are now equal to those of less needy students and those with family ability to pay full costs.



Thank you again for this opportunity to testify before you. On behalf of our 35,000 aid recipients, thank you for your support and investment in them. They will prove the best investment you ever make.